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14 DIRECTV, Inc.

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16 FILED
17 CLERK US DISTRICT COURT
18 JUL 19 2002
19 CENTRAL DISTRICT OF CALIFORNIA
20 BY *Joe* DEPUTY

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1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE CENTRAL DISTRICT OF CALIFORNIA
3
4 WESTERN DIVISION

5 DIRECTV, INC.,
6 a California corporation,

7 Plaintiff,

8 v.

9 SCOTT GRAY and SANDRA GRAY,
10 individuals d/b/a THE COMPUTER
11 SHANTY LLC, and JOHN DOES 1-5,

12 Defendants.

13 CIVIL ACTION NO. 01-09872 DDP

14 CONSENT ORDER OF SETTLEMENT AND
15 PERMANENT INJUNCTION

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2 It is hereby stipulated by and among the parties that judgment
3 be entered against Defendants Scott Gray, Sandra Gray and the
4 Computer Shanty LLC (the "Shanty Defendants") and, as relief, the
5 following Permanent Injunction be entered by the Court without
6 further notice or process:

7 1. The Shanty Defendants and any of their agents, employees,
8 servants, contractors, and representatives, and any entity
9 controlled by them, are hereby permanently enjoined and restrained
10 from:

11 (a) receiving or assisting others in receiving DIRECTV's
12 satellite transmissions of television programming without
13 authorization by and payment to DIRECTV;

14 (b) designing, manufacturing, assembling, modifying,
15 importing, exporting, possessing, offering to the public,
16 trafficking, distributing, selling or possessing any devices or
17 equipment (including, by way of example, loaders, bootloaders,
18 unloopers, emulators, programmers, DIRECTV access cards independent
19 from receivers, or software or components therefor) designed or
20 intended to facilitate the reception and decryption of DIRECTV's
21 satellite transmissions of television programming by persons not
22 authorized to receive such programming;

23 (c) marketing, promoting, or advertising the sale of any
24 software, devices or equipment (including, by way of example,
25 loaders, bootloaders, unloopers, emulators, programmers, DIRECTV
26 access cards indeoendent from receivers, or software or components
27 therefor) for use to facilitate the reception and decryption of
28 DIRECTV's satellite transmissions of television programming by

1 persons not authorized to receive such programming, and advertising
2 or providing information or technical services in support thereof;
3 or

4 (d) reverse engineering or attempting to reverse engineer
5 any of DIRECTV's products, services or technologies, including
6 without limitation the encryption and security controls for the
7 DIRECTV satellite system.

8 (e) Except as specified in paragraph 1, this injunction
9 does not prohibit the sale of legitimate smartcard products such as
10 smartcard reader/writers, provided that such products are not
11 designed or marketed for the purpose of satellite piracy.

12 2. This Permanent Injunction shall apply to the Shanty
13 Defendants' activities worldwide, and shall apply with the same
14 force and effect to any other direct broadcast satellite system, in
15 which DIRECTV owns an interest, now or in the future.

16 3. The Shanty Defendants and any of their agents, employees,
17 servants, contractors, and representatives, and any entity
18 controlled by them, are hereby permanently enjoined and restrained
19 from:

20 (a) operating any informational web sites, IRC chat
21 channels, Internet newsgroups or forums, or other
22 forms of communication devoted to assisting in the
23 reception of satellite television without payment;
24 (b) using the name "Shanty" or "The Computer Shanty" or
25 any combination, variation, derivative or translation
26 of those names, in connection with any business or
27 informational website, except as required to carry
28 out the provisions of the parties' Settlement

Agreement and Release, or in connection with an offline business as specified in the parties' Settlement Agreement and Release;

- (c) investing or holding any financial interest in any enterprise which they know is now, or planning in the future, to engage in any of the activities prohibited by this Permanent Injunction; or
- (d) knowingly allowing any persons or entities which they control, either directly or indirectly, to engage in any of the activities prohibited by this Permanent Injunction.

4. This Court shall retain jurisdiction to entertain such further proceedings and to enter such further orders as may be necessary or appropriate to implement and/or enforce the provisions of this Permanent Injunction and the Settlement Agreement and Release agreed to by and between DIRECTV and the Shanty Defendants. The Shanty Defendants specifically consent to personal jurisdiction and venue in the United States District Court for the Central District of California.

20 5. Upon proof of any intentional violations by the Shanty
21 Defendants of the provisions of this Permanent Injunction, the Court
22 shall be authorized to award damages to DIRECTV for losses sustained
23 prior to the date of this Permanent Injunction, in addition to any
24 other damages or other relief authorized by law. The award of
25 damages to DIRECTV for losses sustained prior to the date of this
26 Permanent Injunction, but not any award of damages for losses
27 sustained after the date of this Permanent Injunction, may be set
28 off by the amount paid by the Shanty Defendants to DIRECTV pursuant

1 to the Settlement Agreement and Release, including the amount
2 recovered by DIRECTV by virtue of selling the personal property
3 transferred to DIRECTV by the Shanty Defendants pursuant to the
4 Settlement Agreement and Release.

5 All other relief not expressly granted herein is denied. This
6 is a final judgment.

7 DATED: July 19, 2002.



8
9 Honorable Dean Pregerson

10
11 United States District Court Judge

12
13 Presented by:

14 Marc J. Zwillinger / MT
15 Marc J. Zwillinger (pro hac vice)
16 Seth Traxler (pro hac vice)
17 KIRKLAND & ELLIS
18 655 Fifteenth Street, N.W., Ste. 1200
19 Washington, D.C. 20005
20 (202) 879-5041
21 Attorneys for Plaintiff,
22 DIRECTV, INC.

23 Scott M. Gray
24 Scott M. Gray

25 Sandra Gray
26 Sandra Gray

1 PROOF OF SERVICE

2
3 I am employed in the County of Los Angeles, State of
4 California. I am over the age of 18 and not a party to the
5 within action; my business address is 777 S. Figueroa Street, Los
6 Angeles, California 90017.

7 CONSENT ORDER OF SETTLEMENT AND PERMANENT INJUNCTION

8 On July 17, 2002, I served the foregoing documents on the
9 interested parties in this action as follows:

10 () By placing the documents described on the attached list in a
11 sealed envelope with postage thereon fully prepaid into the
12 United States mail at Los Angeles, California addressed to:

13 (XX) I caused the document(s) listed above to be picked up via
14 Federal Express at the offices of the addressor and
15 delivered by same to the address set forth below

16 Scott Gray
17 Sandra Gray
18 6404 Calle Palcido Drive
19 El Paso, Texas 79912

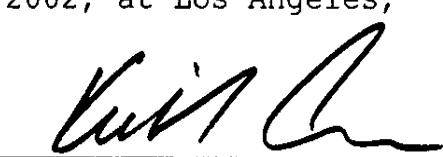
20 () (STATE) I declare under penalty of perjury under the laws
21 of the State of California that the foregoing is true and
22 correct.

23 (XX) (FEDERAL) I declare that I am employed in the offices of a
24 member of the Bar of this Court at whose direction the
25 service was made.

26 Executed this 17th day of July 2002, at Los Angeles,
27 California.

28 Keith Catuara

(Type or Print Name)



(Signature)